

VZCZCXRO6113
OO RUEHCHI RUEHFK RUEHHM RUEHKSO RUEHNAG RUEHPB
DE RUEHML #1887 2210623
ZNR UUUUU ZZH
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FM AMEMBASSY MANILA
TO RUEHC/SECSTATE WASHDC IMMEDIATE 1528
RUCPDO/USDOC WASHDC IMMEDIATE
RUEHRC/DEPT OF AGRICULTURE WASHDC IMMEDIATE
RUEAUSA/DEPT OF HHS WASHDC IMMEDIATE
RUEHZU/ASIAN PACIFIC ECONOMIC COOPERATION IMMEDIATE

UNCLAS MANILA 001887

SENSITIVE

SIPDIS

STATE PASS USTR FOR AA/ANE, AA/G

E.O. 12958: N/A

TAGS: [PTER](#) [TBIO](#) [APECO](#) [EAGR](#) [RP](#)

SUBJECT: MANILA RESPONSE TO APEC FOOD DEFENSE PILOT PROJECTS

REF: SECSTATE 83232

¶1. (SBU) Summary: Post offers pros and cons for including the Philippines as pilot area for the APEC Food Defense Projects. The Philippines is a willing partner with a great deal of bilateral trade in food and food products, but at times has issues with program follow-through.

¶2. (U) The Philippines enjoys a robust trade in agriculture, fisheries, and forest products with the United States. The Philippines is a key U.S. market in ASEAN, and the U.S. is the number one market for Philippine agricultural, fish, and forestry exports. In 2007, Philippine exports to the U.S. reached \$992 million, an 8% increase from 2006. Major exports are coconut oil; fish and seafood; tropical fruits and vegetables; and sugar. The Philippines imported \$1.15 billion worth of agricultural products from the U.S. in 2007, an increase of more than 25% from 2006. Top U.S. exports to the Philippines include wheat; soybean and soybean meal; dairy products; processed fruits and vegetables; and snack food.

¶3. (U) The Philippine Department of Agriculture and its line bureaus (Animal Industry, Fisheries and Aquatic Resource, Plant Industry, Agriculture and Fisheries Product Standards, etc.), attached agencies (National Food Authority, Food Development Center, National Meat Inspection Service, etc.), and the regional operations units address food defense, safety, and security. State's Biosecurity Engagement Program in the Philippines collaborates with the Philippine Department of Health and the Bureau of Animal Industry.

¶4. (U) In general, Philippine laws and regulations on food mirror international standards and processes, using science-based principles and practices. In general, Philippine food laws are compliant with and complementary to World Trade Organization agreements. Also, many Philippine laws are patterned after U.S. laws, which would make a pilot program here somewhat easier to harmonize.

¶5. (U) The United States and the Philippine Department of Agriculture Secretaries signed an agreement on June 24, 2008 to collaborate on the adoption of sanitary and phyto-sanitary regulations; marketing; biotechnology; processing and post-harvest technologies; private sector agribusiness trade and investments. In 1998, our two nations signed a Memorandum of Understanding for the Implementation of Minimum Access Commitments. The MOU states that both countries will adhere to WTO commitments negotiated in the Uruguay Round; ensures that the Philippine licensing mechanism conforms to the Agreement on Import Licensing Procedures and does not have trade-restrictive effects; and modifies certain Philippine orders to promote transparency and fair trade.

¶6. (SBU) The Philippines has been cooperative in USG-driven programs. It has ongoing projects under the Biosecurity Engagement

Program. Through that same program, the Department of State purchased an animal incinerator, but the Department has not yet been able to ship it since the accepting agency has not completed the paperwork necessary to receive delivery. Philippine port authorities and law enforcement were given instruments and trained to detect radioactive materials in the Megaports initiative, but the equipment was reportedly seldom used for months after the training.

Kenney